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ABSTRACT

This document is the first volume of a two-volume set of reports on child support enforcement. Volume I contains information on the dimensions of the nonsupport problem in the United States, stressing that of the 8.7 million women who were caring for children in fatherless homes in 1983, only 58% had court orders or agreements to receive child support and that one-half of those mothers received only partial or no payment in spite of the agreements. The Child Support Enforcement program, established in 1975 as Part D of Title IV of the Social Security Act, is also described. Child Support Enforcement program goals are listed as: (1) ensuring that children are supported by their parents; (2) fostering family responsibility; and (3) reducing the costs of welfare to taxpayers. The enactment of the Child Support Enforcement Amendments of 1984 is discussed and the amendments' key provisions are highlighted in graphic form in the areas of mandated program techniques, federal income tax refund offset, research and demonstration, program improvements, and audit. Progress in child support enforcement from 1975 through 1985 is summarized and current initiatives of the Office of Child Support Enforcement are discussed which include state compliance with the Child Support Enforcement Amendments of 1984, private sector involvement, interstate enforcement, state child support enforcement automated systems, and a public awareness campaign. (NB)

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A Decade of Child Support Enforcement 1975-1985

CG 020064

VOLUME I

U.S. DEPARTMENT OF EDUCATION
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The Tenth Annual Report to Congress

Volume I of the Tenth Annual Report to Congress contains information on the dimensions of the nonsupport problem in this country, the Child Support Enforcement Program, and summarizes a decade of progress in the child support enforcement area.

Volume II of the Tenth Annual Report, Child Support Enforcement Statistics, Fiscal Year 1985, contains selected State by State financial, statistical, and program data obtained from Federal reports completed by State Child Support Enforcement Agencies. A series of graphs and tables covers the various financial and programmatic statistical information of fiscal years 1981-1985.

To obtain additional copies of Volume I or II contact:
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A Decade of Child Support Enforcement 1975-1985

VOLUME I

Tenth Annual Report to Congress
for the Period Ending September 30, 1985

U.S. Department of Health and Human Services
Office of Child Support Enforcement

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THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

FOREWORD TO THE CHILD SUPPORT ENFORCEMENT TENTH ANNUAL REPORT TO CONGRESS

In recent decades, the American family has undergone dramatic -- sometimes traumatic -- change. The single parent family has become a significant part of American life, with new challenges both for individual parents and for our society.

Yet even when families change, the need of children for a sustaining and nurturing family life remains the same. President Reagan said in his State of the Union message this year that "The family is the most basic support system there is." At the most fundamental level, the duty of the parent is to provide financial support to his or her children.

Since 1975, the Federal/State Child Support Enforcement program has worked to ensure that absent parents honor their responsibility to support their children. During the past 10 years, almost $16 billion has been collected. And in 1985 alone, collections were a record $2.7 billion.

Child support collections can rescue families from poverty and lighten welfare costs to the taxpayer. Most important, these collections can provide financial underpinnings for the healthy and secure family life that every child needs.

We in the Department of Health and Human Services want to help strengthen all of America's families, and our Child Support Enforcement program has an important role to play. With recent reforms passed by Congress and signed by the President, Federal and State governments will work even more effectively to make regular child support the norm, not the exception.

In an effort to strengthen the American family and improve the effectiveness of the programs which serve children and families, the Office of Child Support Enforcement was recently combined with five major Health and Human Services programs into a single operating division called the Family Support Administration. The new agency is headed by Wayne A. Stanton, who will also serve as Director of the Office of Child Support Enforcement.

Otis R. Bowen, M.D.
Secretary

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of
Child Support Enforcement

Director
Washington, D.C. 20201

PREFACE TO THE CHILD SUPPORT ENFORCEMENT TENTH ANNUAL REPORT TO CONGRESS

This year's report marks the Tenth Anniversary of the Federal/State Child Support Enforcement program and summarizes ten years of enforcement activities.

The report documents the increasing success that State and local enforcement programs have had in assuring that children are supported by their parents. In this decade, a nationwide child support enforcement network has been established, new reforms have been enacted, and procedures have been updated to improve the efficiency and effectiveness of State enforcement programs. In ten years, almost $16 billion has been collected in child support payments, over 3.5 million support orders have been established, and more than one-and-a-half million children have had their legal paternity established.

Divorce and out-of-wedlock births continue to be the two events that instigate a family's need for legally-ordered child support. As has been amply shown, when support is not paid, a family's descent into poverty can be rapid and severe. And when the family must turn to welfare to provide basic necessities, its sense of self-sufficiency can be seriously undermined, and a dangerous cycle of dependency can begin. In our view, which is the view of most Americans, a parent's responsibility to provide for and take care of his or her children exists regardless of the marital relationship between the parents.

There is much to be done, but it is my hope that the next decade of child support enforcement will win for our Nation's financially abandoned children the security to which they are morally and legally entitled.

As we look to the future it may be helpful to remember some words of Teddy Roosevelt from the proceedings of the 1909 Conference on the Care of Dependent Children, "Each child represents either a potential addition to the productive capacity and enlightened citizenship of the nation or, if allowed to suffer from neglect, a potential addition to the destructive forces of a community. The interests of the nation are involved in the welfare of this army of children no less than in our great material affairs."

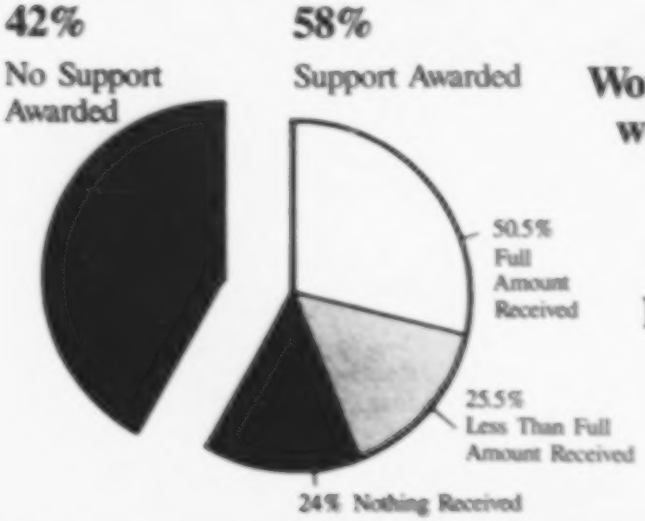
Wayne A. Stanton
Director
Office of Child Support Enforcement

I. Dimensions of Nonsupport

The Federal Government has been stimulating and encouraging improvements in child support enforcement for 10 years through the Child Support Enforcement (CSE) program.

During the program's 10 years of operation, the American family has been dramatically altered under the impact of divorce and out-of-wedlock births. The duty to support children, a basic obligation of parenthood, has been seriously weakened.

According to the 1983 Current Population Survey on Child Support and Alimony, conducted by the Census Bureau, 8.7 million women were caring for children whose fathers were absent from the home. Only 58 percent of them had court orders or agreements to receive child support and even of this relatively fortunate group who were actually supposed to receive payments in 1983, half received just partial payment or no payment at all during the course of the year. The unpaid child support bill for 1983 alone: $3 billion. Moreover, the average amount of child support received by a family in 1983 was only $2,341. "These figures," said former HHS Secretary Margaret M. Heckler, "document a widespread and shameful situation in our country — the nonsupport of children by their own parents."



8.7 Million Women in 1983 with Children Under 21 Where the Father Was Not Present.

Note: From 1983 Census Bureau Survey

One half of marriages that took place in the 1970's will end in divorce. Out-of-wedlock births as a proportion of live births climbed from less than 11 percent in 1970 to about 20 percent in 1982. As a result, the plight of the single-parent family — 90 percent of them headed by women — has become a familiar feature on the landscape of American society. The median annual income of female-headed families in 1983 was $12,800 and fully one-third of these families were poor. The brunt of this poverty falls on the children. The Census Bureau found that in 1983, 55 percent of children living in female-headed households were poor — four times the rate for children in other households. Clearly, the financial abandonment of children by one parent contributes significantly to their poverty.

II. The Child Support Enforcement Program

Established in 1975 as part D of title IV of the Social Security Act, the Child Support Enforcement (CSE) program helps to strengthen families and reduce welfare spending by placing the responsibility for supporting children where it belongs: on the parents. The child support collected for families not receiving Aid to Families with Dependent Children (AFDC) goes to the family to help it remain self-sufficient. Most of the child support collected on behalf of AFDC families goes to Federal and State Governments to offset AFDC payments. In addition to the assistance payments, the family also receives up to the first $50 of any current child support collected each month. If the child support collected is high enough, the family is able to leave the AFDC rolls altogether. At every step of the enforcement process, care is taken to protect the rights of both parents and children.

Child Support Enforcement Program Goals

- Ensure that children are supported by their parents.
- Foster family responsibility.
- Reduce the costs of welfare to taxpayer.

Operated at the State and local levels of government, the Child Support Enforcement program locates absent parents, establishes paternity of children born out of wedlock, and establishes and enforces support orders. By law, these services are available to all families that need them. State enforcement agencies, usually part of human services departments, often contract with prosecuting attorneys, clerks of the court, and other law enforcement officials to help conduct their programs. CSE agencies are operating in all 50 States, the District of Columbia, Guam, Puerto Rico and the Virgin Islands.

While State CSE programs are administered according to State laws, practices and procedures, their administrative costs are paid primarily by the Federal Government. At the Federal level, the Office of Child Support Enforcement, in the Family Support Administration of the U.S. Department of Health and Human Services, helps States manage their programs and focuses on:

- Providing policy guidelines and program standards;
- Reviewing and approving State plans, and evaluating programs to see that they conform to Federal requirements;

- Funding the bulk of State administrative costs, and granting financial incentives based on program performance;
- Conducting audits to see that States are in compliance with Federal standards; and
- Operating the Federal Parent Locator Service and acting as the agent for the Internal Revenue Service's Federal Income Tax Refund Offset program.

The 1984 Reforms

The most significant legislation affecting the Child Support Enforcement program since the program's inception in 1975 was the enactment of the Child Support Enforcement Amendments of 1984.

In response to the escalating non-support problem and the public's need for increasing effectiveness and efficiency in child support enforcement, the President and the Congress, in bi-partisan unity, worked to enact these new amendments. The amendments' key provisions as highlighted in graphic form, make critical improvements to State and local programs in four major areas:

- Child support services will be provided to all families that need them — welfare and non-welfare;
- States will use proven enforcement techniques;
- Federal financing and audits will be used to stimulate and reward improved program performance; and
- Interstate enforcement will be emphasized and improved.

Mandated Program Techniques

For AFDC and Non-AFDC:

- Wage (optional other income) withholding
- Expedited quasi-judicial or administrative procedures
- Property liens
- State income tax refund offset
- Paternity statute of limitations
- Security or bonding
- Consumer credit agency reporting

Due Process Protections Required

Interstate Applicability

Federal Income Tax Refund Offset

Expanded to Non-AFDC Cases

- $500 minimum arrearage of past-due support
- Due process notice requirements
- Fee per submittal
- Joint return protections
- Sunset provisions

Research and Demonstration

Interstate Project Grants

- $7M authorized for FY 1985, $12M for FY 1986, $15M thereafter for demonstration projects to improve interstate enforcement

Demonstration Authority

Authorizes Secretary to Grant Waivers to States Conducting Experimental Pilot or Demonstration Projects

- Project may not financially disadvantage children in need of support
- Project may not increase Federal AFDC costs

Program Improvements

- State reporting requirements expanded
- Disclosure of absent parent's social security number
- Publicize availability of child support services
- State commissions on child support
- Eligibility for medicaid continues for 4 months following AFDC ineligibility due to support collections
- Mandatory collection of spousal support
- Health insurance coverage in child support orders
- Automatic continuation of services for former AFDC recipients
- Annual notification of support collected for AFDC recipients
- Suggested support guidelines
- Collections for children receiving foster care maintenance payments
- Optional tracking and monitoring of support payments
- Federal Parent Locator Service (FPLS) available for immediate use

Audit

- Compliance and effectiveness review at least every 3 years
- Substantial compliance and performance standards
- Graduated penalty
- Penalty may be suspended to implement approved corrective action plan

Signing the amendments into law in August 1984, President Reagan said, "As a decent and caring people, it behooves us to come to grips with the devil-may-care attitude of some of our citizens that has left too many children in dire straits .... Permitting individuals to ignore parental obligations and giving the bill to taxpayers in the form of higher welfare costs have been tantamount to a stamp of approval. And this is not the kind of message public policy should be sending out."

To be in compliance with Federal law, States must enact and implement all mandatory provisions of the 1984 amendments by three months after the first session of the State

legislature that ends after October 1, 1985. Because legislative sessions convene at different times and for varying time periods, States will be coming into compliance with the amendments on differing dates. Encouraging quick State action is a major objective of the Office of Child Support Enforcement. Some States enacted laws in response to the Federal amendments prior to the October 1985 start-up date. Between August 1984 and January 1986, 45 States enacted laws to implement at least some provisions of the 1984 amendments. Eighteen of these States put legislative authority in place partially addressing all of the mandatory enforcement practices. Implementation activities of one kind or another are underway in virtually all States.

Other objectives of the Office of Child Support Enforcement that relate to the 1984 amendments are to:

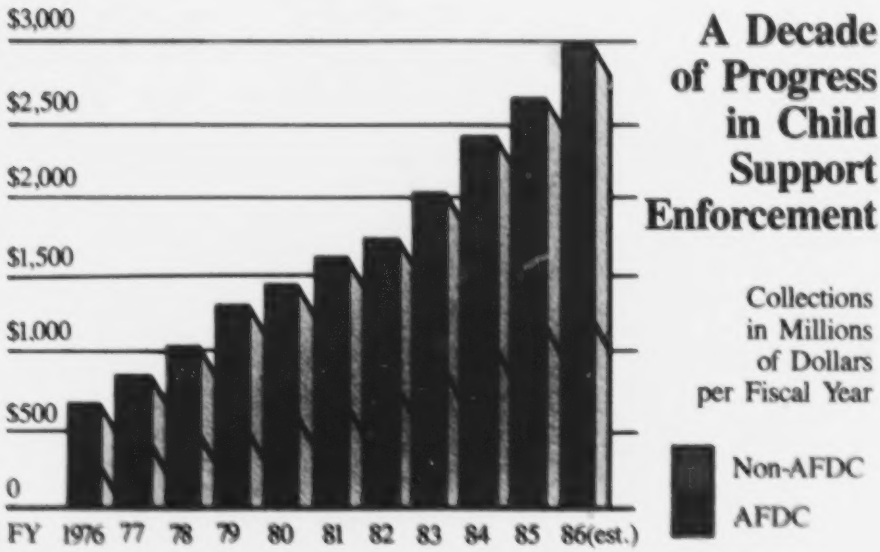
- Encourage private sector support of child support enforcement, particularly employer cooperation with orders to withhold wages, and stimulate a larger role for banks and other service institutions in day-to-day program operations;
- Strengthen and improve the enforcement process in interstate child support cases;
- Improve automated data processing support for State and county child support enforcement programs; and
- Increase public awareness of the child support enforcement program and its services.

III. A Decade of Child Support Enforcement

The Child Support Enforcement Program, in a decade, has made great strides in ensuring that children receive the financial support to which they are entitled.

In 1985, after 10 years of steadily rising collections, a record $2.7 billion was collected in child support payments which represents almost a 300 percent increase in total collections since the inception of the program. This brought the total for the decade to nearly $16 billion:

- $6.8 billion on behalf of children in families receiving Aid to Families with Dependent Children (AFDC); and
- $9.1 billion for children in non-AFDC families.

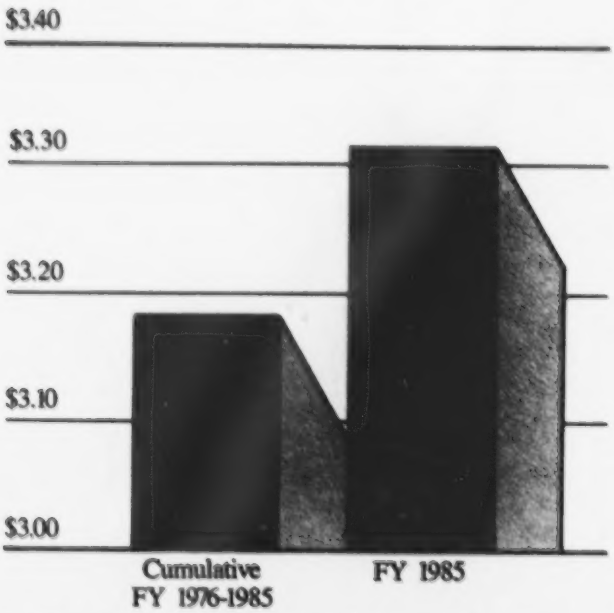


Increasing annual collections of child support means that more families have been helped to achieve self-sufficiency by either leaving or avoiding welfare.

As more families become able to meet their needs without government assistance, taxpayers realize untold savings in human services programs such as AFDC, food stamps and Medicaid.

The cost of Child Support Enforcement program administration stood at $814 million for fiscal year (FY) 1985; $571 million provided by the Federal Government and $243 million from States and localities. Just one indicator of the value of this public expenditure is that, for FY 1985, $3.31 was collected nationally for every dollar spent

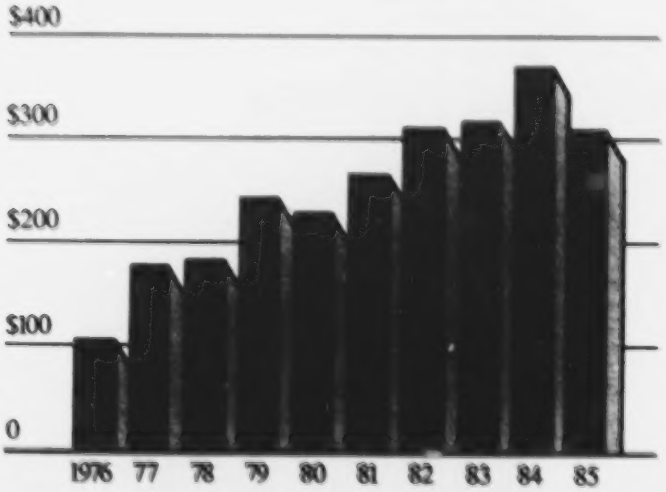
on program administration. Over the previous decade, this relationship of child support collections to administrative costs stood at $3.18 collected for every dollar of cost.



Collections per Dollar of Total Expenditures

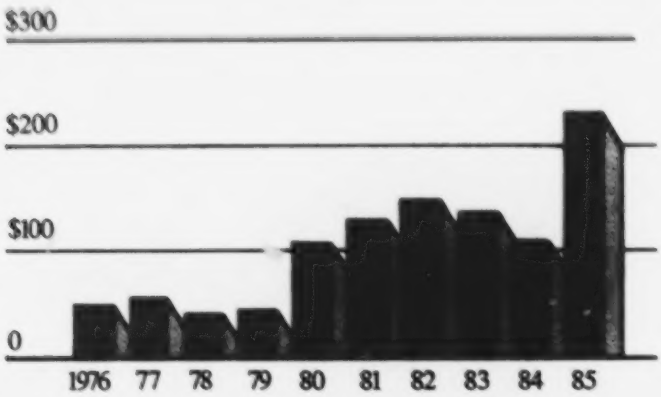
The Federal/State Child Support Enforcement program is unique among government social welfare programs. By collecting child support payments for the parent obligated to pay, it saves tax dollars that would otherwise go for financial and/or medical assistance at the same time that it fosters a family's economic independence. And by consistently bearing the bulk of the program administrative costs, the Federal Government has permitted States and localities to reap direct financial benefit from their enforcement efforts.

The Federal Government pays 70 percent of total program costs; even more for certain costs of automation. This has allowed States and localities over the 10-year period to realize savings of $2.5 billion. Savings for 1985 alone amounted to $305 million. These monies are free of any Federal restrictions as to their use; they can be allocated by States and localities with "no strings attached."



State Program Savings

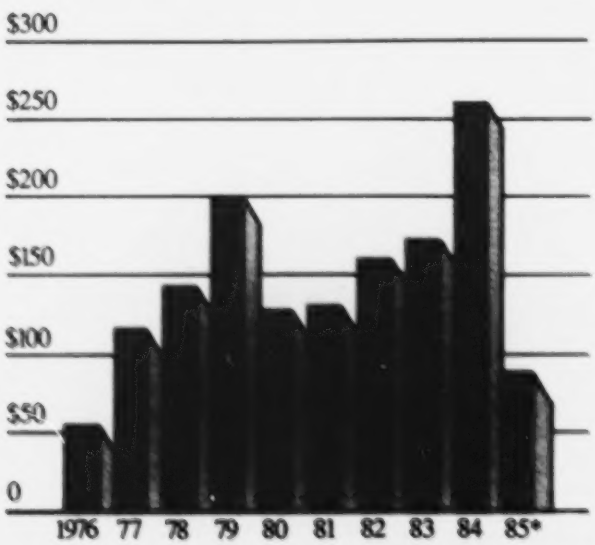
in Millions of Dollars per Fiscal Year



Federal Program Deficit

in Millions of Dollars per Fiscal Year

The Federal Government's generous financing for Child Support Enforcement programs has meant that its costs have always exceeded the Federal share of collections realized; the Federal deficit in FY 1985 was $216 million. However, when the financial returns at all levels of government are considered together, the taxpayer still comes out ahead; total net program savings for FY 1985, after administrative costs have been deducted, amounted to $89 million, bringing the total savings to the taxpayer over the entire decade to nearly $1.5 billion.



Overall Savings to the Taxpayer

in Millions of Dollars per Fiscal Year

*Under a 1984 Federal law, the first $50 of current support collected each month is passed through to the AFDC family; this resulted in a decrease in program savings.

The observable decline in FY 1985 program savings from the level of previous years is due to a requirement, enacted by Congress and first effective in FY 1985, that the

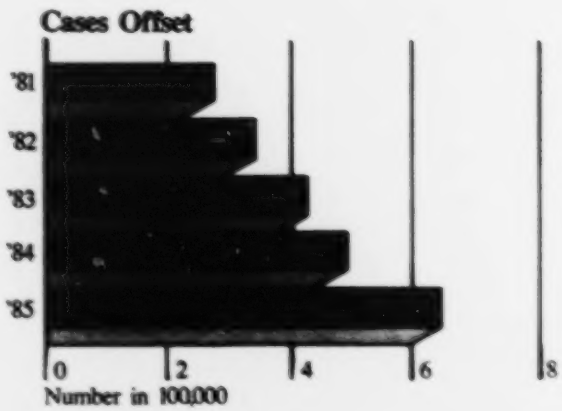
initial $50 of current support collected on behalf of AFDC families be "passed through" to the families.

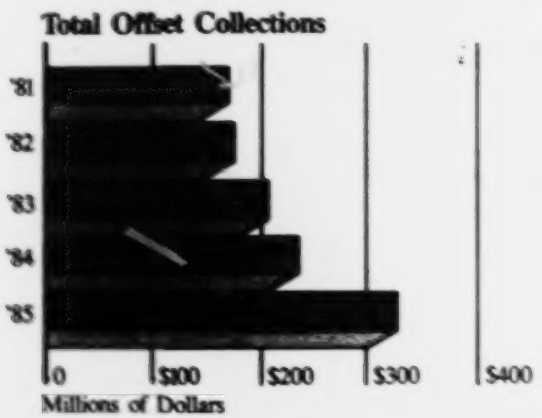
Nevertheless, the Child Support Enforcement program continues to realize dollar savings for the taxpayer and for State and local governments — and there is ample opportunity for further savings with improvements in program effectiveness and efficiency.

In recent years, collections have been significantly enhanced through the Federal Income Tax Refund Offset program. Under the 1984 amendments, the technique of intercepting both State and Federal income tax refunds for past due child support will be available to non-welfare families as well as for AFDC recipients. Also significant to cost-effectiveness is the steady reduction in what it costs the Internal Revenue Service to apply the offset. In 1981 the per-case cost was $17.00; in 1984 it was only $3.20.

Federal Income Tax Refund Offset Program

Tax Years
1981 through
1985 (Estimate)





Note: For 1985 only, estimates of cases offset and collections include non-AFDC families.

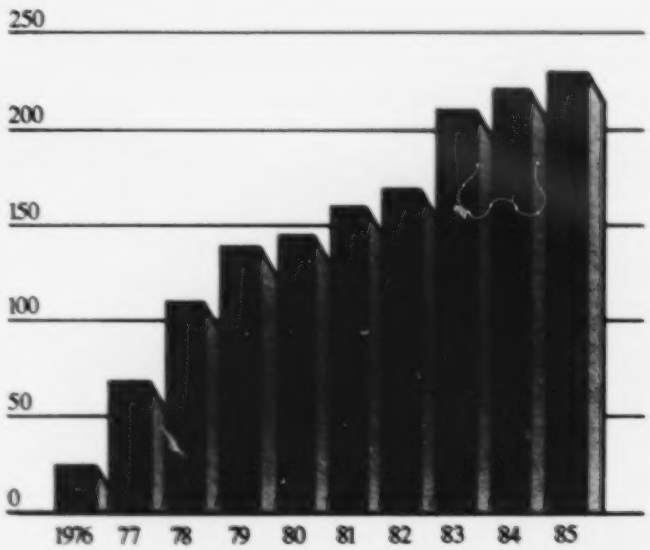
Increasing overall child support collections, of course, is tied to greater effectiveness and the number of cases in which a collection can be made. For the increasing number of children born out of wedlock it is necessary to establish, through a legal process, who the father is and to obtain a legal support order before any collection can be made. The number of children for whom paternity is established has increased each

year over the 10-year period, bringing the total to nearly $1.5 million, with a record high of 230,000 paternity establishments in 1985.

FY 1985 was also a record year for establishing support orders, with 670,000 obtained. In the 10-year period, over 3.9 million support obligations have been established through the efforts of child support enforcement agencies.

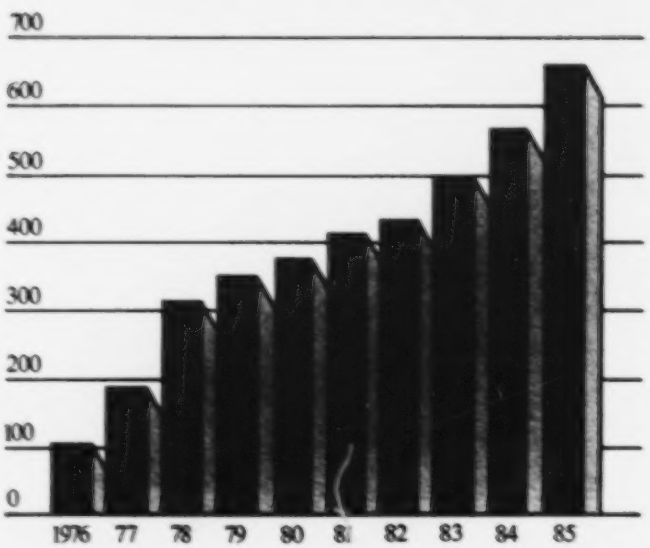
Total Paternities Established

Cases in Thousands per Fiscal Years 1976 to 1985

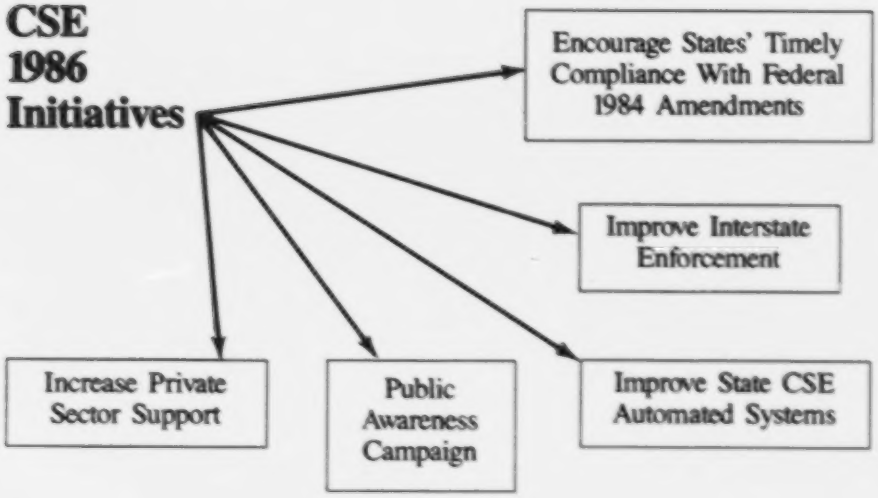


Total Support Orders Established

Cases in Thousands per Fiscal Years 1976 to 1985



IV. Current Initiatives of the Office of Child Support Enforcement



Encourage States' Timely Compliance With The Child Support Enforcement Amendments of 1984

To encourage States' timely compliance with the new law, final regulations outlining requirements were published in the *Federal Register* 9 months after the amendments were signed by the President. Building on this momentum, OCSE mounted an intensive campaign to help States implement the new reforms. In its continuing initiative, OCSE is:

- Providing information and guidance to State decision makers on the Federal requirements; and
- Facilitating the exchange of successful experiences among child support program administrators and other interested parties.

Private Sector Involvement

Over the past decade many State and local agencies have contracted with the private sector for portions of program operations; e.g., blood testing laboratories, credit

reporting agencies, and private attorneys, among others, to help carry out their responsibilities.

Using the resources of the private sector means that State and local CSE agencies are able to increase their efficiency and enhance their capability for effective management. For example, if specific program functions like billing and cash collections can be better handled through contracting with a bank, CSE agency staff and resources can be targeted on paternity establishment and other more complex program responsibilities. With increasing numbers of child support cases and a sizable untapped collections potential, these enhancements are essential.

In particular, OCSE is encouraging States and localities to build on the existing foundation of private sector involvement and to adopt such projects as:

- The electronic transfer of child support payments across State lines through banks and automated clearinghouses;
- The expanded use of banks and other financial service institutions in billing, receiving, accounting for, and disbursing child support payments; and
- The extended use of private debt collection and data processing firms.

Private sector help is also critical to the success of the key feature of the 1984 amendments: automatic mandatory wage withholding. Wage deductions for child support have been found to be the most effective means of getting regular payments to the family in full and on time. When regularly deducted like income and social security taxes, payments become a normally budgeted item for both parents. Employer cooperation is crucial to the success of wage withholding as a source of stable payments, both at the time of the initial order and in notifying the CSE agency when the employee moves to another job. Under Federal law, the wage withholding is to stay in effect if the employee changes jobs, and is effective both within and across State lines.

Seeking to attain a high degree of cooperation from employees and employers alike, OCSE has:

- Met with major national organizations representing the interests of management and labor to secure their cooperation; and
- Developed and printed *Wage Withholding for Child Support: An Employer's Guide*, and distributed it through major business and financial press channels.

Improve Interstate Enforcement

Enforcing child support orders across State lines has, for numerous reasons, been a major difficulty over the years. Child support enforcement, as with most domestic law issues, is done according to individual State laws and procedures, and the absent parent comes under the legal jurisdiction of the State where he or she resides. Too often, parents have been able to evade their child support obligations by moving to another State.

Lacking a high degree of compatibility between State laws and with less than fully successful communication of relevant information between enforcement authorities, interstate enforcement has been a weak link in the system. The intent of the 1984 amendments to standardize proven enforcement techniques across the country is the

basis of OCSE's initiative to improve interstate enforcement. In FY 1985, OCSE has:

- Funded 15 research and demonstration grants totaling $7 million and involving 37 States to enhance interstate communication, case processing, and procedures;
- Promulgated a Model Interstate Income Withholding Act developed under contract by the American Bar Association and National Conference of State Legislatures, which serves as a guide to the States for developing wage withholding laws that are compatible across State lines and that conform to Federal mandates; and
- Published a Law Digest which contains each State's statutes and annotated cases pertaining to interstate enforcement to be used as a guide for caseworkers in processing interstate cases.

In addition to addressing State laws pertaining to interstate enforcement OCSE has:

- Initiated a study of current Federal interstate regulations, policies, and procedures to see what steps need to be taken to further strengthen them and make them more effective; and
- Developed standarized interstate referral forms and interstate transmittal forms to enhance communication and case processing between State enforcement agencies. OCSE has secured endorsement for their use by concerned groups. Through a Technology Transfer Project, the URESA Action Request Form has been pilot tested and disseminated.

Improve State CSE Automated Systems

OCSE has made a priority of improving automated support for State and local CSE agencies. Divers projects are underway to enhance the efficiency and accuracy with which cases are handled, and in 1985, twice as many State and local agencies requested and received approval for automated systems development as in 1984. Clearly, automated systems become even more critical as enforcement techniques like mandatory wage withholding are implemented and as the number of child support cases increases.

Recognizing the need to extend program automation to comprehensive, statewide systems, the Federal Government in 1981 began providing enhanced funding for developing and implementing such systems:

- By the end of FY 1985, 33 States had received approval and funding for automated systems at the enhanced Federal matching rate and were in varying stages of development and implementation;
- In FY 1985, 25 States received $11.5 million for comprehensive information processing systems; and
- To promote the benefits of automation, OCSE held a National Information Systems Conference and established the National Child Support Enforcement Systems Technical Advisory Group (TAG).

Public Awareness Campaign

To help fulfill the intent of the 1984 amendments that welfare and non-welfare families alike have equal access to support enforcement services, the law requires State

enforcement agencies to publicize the availability of their services. In 1985, OCSE carried out a two-tier public awareness campaign: one was comprised of information activities initiated at the national level and directed to the general public, and the other focused on States to help them comply with the public awareness provision of the law. More specifically, OCSE:

- Worked with the news media on stories dealing with the 1984 amendments and States' implementation;
- Developed and distributed through national business and labor organizations, and promoted through the business press, a publication, *Wage Withholding for Child Support: An Employer's Guide;*
- Promoted the *Handbook on Child Support Enforcement*, a guide for custodial parents. Nearly 500,000 copies were distributed to custodial parents and the general public in FY 1985;
- Developed a series of fact sheets to respond to the increasingly heavy volume of inquiries and requests coming to OCSE from custodial parents and the general public;
- Responded to a very high volume of inquiries from the public, members of Congress, the White House, and from child support advocacy groups; and
- Promoted child support enforcement through use of a traveling exhibit display at numerous national conferences concerned with children's issues.

Conclusion

The first years of the Federal/State Child Support Enforcement program firmly established an organized national response to the problem of family dissolution and nonsupport. The second decade begins with concerted implementation in the States of new laws and procedures to comply with the Federal Child Support Enforcement Amendments of 1984. Under these reforms State Child Support Enforcement programs will achieve a uniformity in their enforcement procedures that has not previously existed. Most States have already moved quickly to enact new laws that respond to requirements of the Federal law.

Although a strong start has been made, and improvements in the delivery of this vital service are occurring, much remains to be done. The Office of Child Support Enforcement, the Secretary, and the President are committed to ensuring that full nationwide implementation of the landmark 1984 legislation is achieved promptly. We will spare no effort to make all facets of it work, as written and intended by the President and Congress. By this means, we can ensure that the next decade of the Child Support Enforcement Program will truly be characterized as a time when our Nation's children routinely and regularly receive the parental support to which they are entitled.